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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

08 Civ. 07104 (DC)

-against-

**ANSWER OF
DEFENDANT/THIRD PARTY
PLAINTIFF, JOSEPH
SHERESHEVSKY, TO FIRST
AMENDED COMPLAINT**

STEVEN BYERS, JOSEPH SHERESHEVSKY,
WEXTRUST CAPITAL, LLC., WEXTRUST EQUITY
PARTNERS, LLC., WEXTRUST DEVELOPMENT
GROUP, LLC., WEXTRUST SECURITIES, LLC.,
and AXELA HOSPITALITY, LLC.,

Defendants, and

ELKA SHERESHEVSKY,

Relief Defendant.

-----X
JOSEPH SHERESHEVSKY,

Third Party Plaintiff,

-against-

Amnon Cohen,

Third Party Defendant.

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NOW COMES, Defendant, Joseph Shereshevsky (hereinafter referred to as “Shereshevsky”), through his attorneys, John C. Meringolo & Associates, P.C., and as and for his Answer to the First Amended unverified Complaint of Plaintiff, Securities and Exchange Commission, (hereinafter referred to as “The Commission”), states as follows:

SUMMARY

1. Shereshevsky makes no answer to paragraph 1 of the First Amended Complaint for the reason that the same represents the subjective conclusions, theories, and arguments of the Commission. To the extent said provision implies any wrongdoing by Shereshevsky, he expressly denies the same.
2. Shereshevsky admits that he has in the past been engaged in the lawful syndication of private placements. He denies however any unlawful conduct with respect to said syndications. With respect to the remaining allegations of paragraph 2 of the First Amended Complaint, he leaves the Commission to its proofs.
3. Shereshevsky denies the allegations of paragraph 3 of the First Amended Complaint for the reason that the same are false. By way of further answer, he states that the allegations are based on purported documents which the Commission has failed to attach as exhibits of its First Amended Complaint.
4. Shereshevsky denies the allegation of paragraph 4 of the First Amended Complaint for the reason that the same are false.
5. Shereshevsky denies the allegation of paragraph 5 of the First Amended Complaint for the reason that the same are false. He states by way of further answer that said allegations represent legal conclusions of the Commission and otherwise are based on

written documents which the Commission has failed to attach as exhibits to its First Amended Complaint.

6. Shereshevsky denies the allegations of paragraph 6 of the First Amended Complaint and says by way of further answer that said allegations represent the conclusory opinions, speculations, conjectures, and arguments of the Commission.
7. Shereshevsky denies the allegations of paragraph 7 of the First Amended Complaint and says by way of further answer that said allegations represent the conclusory opinions, speculations, conjectures, and arguments of the Commission.

VIOLATIONS

8. Shereshevsky denies the allegations of paragraph 8 of the First Amended Complaint and says by way of further answer that said allegations represent the conclusory opinions, speculations, conjectures, and arguments of the Commission.

NATURE OF THE PROCEEDING AND RELIEF SOUGHT

9. Shereshevsky neither admits nor denies the allegations of paragraph 9 of the First Amended Complaint and leaves the Commission to its proofs.
10. Shereshevsky neither admits nor denies the allegations of paragraph 10 of the First Amended Complaint and leaves the Commission to its proofs.

JURISDICTION AND VENUE

11. Shereshevsky admits the allegations of paragraph 11 of the First Amended Complaint.
12. Shereshevsky admits the allegations of paragraph 12 of the First Amended Complaint that the venue is properly laid in this Court. With respect to the remaining allegations of paragraph 12, Shereshevsky denies them for the reason that that they are false.

THE DEFENDANTS AND RELIEF DEFENDANT

13. Shereshevsky denies the allegation of paragraph 13 of the First Amended Complaint for the reason that the same are materially false.
14. Shereshevsky makes no answer to the allegations of paragraph 14 of the First Amended Complaint for the reason that the same do not apply to him.
15. Shereshevsky makes no answer to the allegations of paragraph 15 of the First Amended Complaint for the reason that the same do not apply to him.
16. Shereshevsky makes no answer to the allegations of paragraph 16 of the First Amended Complaint for the reason that the same do not apply to him.
17. Shereshevsky makes no answer to the allegations of paragraph 17 of the First Amended Complaint for the reason that the same do not apply to him.
18. Shereshevsky makes no answer to the allegations of paragraph 18 of the First Amended Complaint for the reason that the same do not apply to him; however, Shereshevsky admits that he indirectly owns an interest Wextrust Securities, LLC.
19. Shereshevsky makes no answer to the allegations of paragraph 19 of the First Amended Complaint for the reason that the same do not apply to him; however he admits that he is married to Relief Defendant E. Shereshevsky
20. Shereshevsky makes no answer to the allegations of paragraph 20 of the First Amended Complaint for the reason that the same do not apply to him.

FACTS

A. The Securities Offering

21. Shereshevsky denies the allegations of paragraph 21 of the First Amended Complaint for the reason that the same are contradicted by the Commission's allegations contained in paragraph 13 of its First Amended Complaint.
22. Because the respective allegations are virtually identical, Shereshevsky incorporates by reference his answer to paragraph 2 above as to this paragraph 22.
23. Shereshevsky denies the allegations of paragraph 23 of the First Amended Complaint for the reason that the same calls for legal conclusions regarding the construction and interpretation of certain documents which have not been attached to the Commissions First Amended Complaints as exhibits, which documents speak for themselves.
24. Shereshevsky denies the allegations of paragraph 24 of the First Amended Complaint for the reason that the same calls for legal conclusions regarding the construction and interpretation of certain documents which have not been attached to the Commissions First Amended Complaints as exhibits, which documents speak for themselves. Shereshevsky says by way of further answer, that the Commissions allegations lack the required specificity mandated by the Federal Rules of Civil Procedure 9(b).

B. Fraudulent Misrepresentations In the Various Securities Offering

25. Shereshevsky denies the allegations of paragraph 25 of the First Amended Complaint for the reason that the same are false.
26. Shereshevsky denies the allegations of paragraph 26 of the First Amended Complaint for the reason that the same are false. Shereshevsky says by way of further answer that said

allegations are based on the construction and interpretation of written documents which the Commission has failed to attach as exhibits to its First Amended Complaint.

1. The GSA Offering Fraud

27. Shereshevsky denies the allegations of paragraph 27 of the First Amended Complaint to the extent they apply to him for the reason that they are false.
28. Shereshevsky denies the allegations of paragraph 28 of the First Amended Complaint to the extent they apply to him for the reason that they are false.
29. Shereshevsky neither admits nor denies the allegations of paragraph 29 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint, and which otherwise speaks for itself.
30. Shereshevsky neither admits nor denies the allegations of paragraph 30 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
31. Shereshevsky neither admits nor denies the allegations of paragraph 31 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself. Shereshevsky states by way of further answer the Commission has failed to set forth that the GSA PPM expressly provided in pertinent part:

RISK FACTORS

AN INVESTMENT IN THE COMPANY INVOLVES A NUMBER OF SIGNIFICANT RISK FACTORS. IN ADDITION TO THOSE FACTORS SET FORTH ELSEWHERE, SUBSCRIBERS SHOULD CAREFULLY CONSIDER THE FOLLOWING ELEMENTS OF RISK INHERENT IN THE PREFERRED

INTERESTS BEING OFFERED. SUBSCRIBERS ARE URGED TO CONSULT THEIR OWN TAX AND FINANCIAL COUNSEL IN RELATION TO THIS OFFERING. (Embolding in original.)

XXXXX

Management Discretion as to Use of Proceeds

The net proceeds from the Offering will be used for the purposes described under “Use of Proceeds.” The Company reserves the right to use the funds obtained from the Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its Members in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of the Manager with respect to application and allocation of the net proceeds of the Offering. Investors for the Preferred Interests will be entrusting their funds to the Manager, upon whose judgment and discretion the investors must depend.

32. Shereshevsky neither admits nor denies the allegations of paragraph 32 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint, and which otherwise speaks for itself.
33. Shereshevsky neither admits nor denies the allegations of paragraph 33 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
34. Shereshevsky denies the allegations of paragraph 34 of the First Amended Complaint for the reason that the same are false.
35. Shereshevsky denies the allegations of paragraph 35 of the First Amended Complaint for the reason that the same are false.
36. Shereshevsky neither admits nor denies the allegations of paragraph 36 of the First Amended Complaint for the reason that the same is based on a writing which the

Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

37. Shereshevsky neither admits nor denies the allegations of paragraph 37 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

38. Shereshevsky denies the allegations of paragraph 38 of the First Amended Complaint for the reason that the same are false.

39. Shereshevsky denies the allegations of paragraph 39 of the First Amended Complaint for the reason that the same are based on the hearsay statements of Third-Party Defendant, Amnon Cohen, who has not been cross-examined under oath.

2. The Crown-Phoenix Offering Fraud

40. Shereshevsky neither admits nor denies the allegations of paragraph 40 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

41. Shereshevsky makes no answer to paragraph 41 as the same does not apply to him.

42. Shereshevsky denies the allegation of paragraph 42 of the First Amended Complaint for the reason that the same represents the legal conclusion of the Commission.

43. Shereshevsky neither admits nor denies the allegations of paragraph 43 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

44. Shereshevsky denies the allegations of paragraph 44 of the First Amended Complaint for the extent it applies to him for the reason that it are false.
45. Shereshevsky neither admits nor denies the allegations of paragraph 45 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself. Shereshevsky further denies the allegation of paragraph 45 that he engaged in unlawful conduct.
46. Shereshevsky denies the allegations of paragraph 46 of the First Amended Complaint for the reason that it is based on the hearsay testimony of Defendant Byers, who has not been cross-examined under oath.
47. Shereshevsky neither admits nor denies the allegations of paragraph 47 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
48. Shereshevsky neither admits nor denies the allegations of paragraph 48 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
49. Shereshevsky denies the allegations of paragraph 49 for the reason that the same are false.

3. The Block III Offering Fraud

50. Shereshevsky makes no answer to the allegations of paragraph 50 of the First Amended Complaint for the reason that it does not apply to him.

51. Shereshevsky neither admits nor denies the allegations of paragraph 51 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
52. Shereshevsky denies the allegation of paragraph 52 of the First Amended Complaint for the reason that the same represents the legal conclusion of the Commission.
53. Shereshevsky neither admits nor denies the allegations of paragraph 53 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
54. Shereshevsky denies the allegations of paragraph 54 of the First Amended Complaint as it applies to him for the reason that the same are false.
55. Shereshevsky neither admits nor denies the allegations of paragraph 55 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.
56. Shereshevsky makes no answer to the allegations of paragraph 56 of the First Amended Complaint for the reason that it does not apply to him.
57. Shereshevsky neither admits nor denies the allegations of paragraph 57 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

58. Shereshevsky denies the allegations of paragraph 58 of the First Amended Complaint for the reason that the same are false.

4. The Peoria Offering Fraud

59. Shereshevsky denies the allegations of paragraph 59 of the First Amended Complaint as it applies to him for the reason that they are false.

60. Shereshevsky makes no answer to the allegation of paragraph 60 of the First Amended Complaint for the reason that the same does not apply to him.

61. Shereshevsky denies the allegation of paragraph 61 of the First Amended Complaint for the reason that the same represents the legal conclusion of the Commission.

62. Shereshevsky neither admits nor denies the allegations of paragraph 62 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

63. Shereshevsky denies the allegations of Paragraph 63 of the First Amended Complaint as they apply to him for the reason that the same are false.

64. Shereshevsky denies the allegations of Paragraph 64 of the First Amended Complaint for the reason that the same are false.

65. Shereshevsky neither admits nor denies the allegations of paragraph 65 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

66. Shereshevsky makes no answer to the allegation of paragraph 66 of the First Amended Complaint for the reason that the same does not apply to him.

67. Shereshevsky neither admits nor denies the allegations of paragraph 67 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

68. Shereshevsky denies the allegations of Paragraph 68 of the First Amended Complaint for the reason that the same are false.

5. Additional Fraudulent Offerings

69. Shereshevsky neither admits nor denies the allegations of paragraph 69 of the First Amended Complaint for the reason that the same are false.

70. Shereshevsky neither admits nor denies the allegations of paragraph 70 of the First Amended Complaint for the reason that the same are false.

71. Shereshevsky neither admits nor denies the allegations of paragraph 71 of the First Amended Complaint for the reason that the same are false.

72. Shereshevsky neither admits nor denies the allegations of paragraph 72 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

C. Ongoing Fraudulent Offerings

73. Shereshevsky denies the allegations of Paragraph 73 of the First Amended Complaint for the reason that the same are false.

74. Shereshevsky makes no answer to the allegation of paragraph 74 of the First Amended Complaint for the reason that the same does not apply to him.

75. Shereshevsky makes no answer to the allegation of paragraph 75 of the First Amended Complaint for the reason that the same does not apply to him.
76. Shereshevsky makes no answer to the allegation of paragraph 76 of the First Amended Complaint for the reason that the same does not apply to him.
77. Shereshevsky makes no answer to the allegation of paragraph 77 of the First Amended Complaint for the reason that the same does not apply to him.
78. Shereshevsky denies the allegations of Paragraph 78 of the First Amended Complaint for the reason that the same are false.
79. Shereshevsky neither admits nor denies the allegations of paragraph 79 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint which otherwise speaks for itself.

D. Fraudulent Over-Raising

80. Shereshevsky neither admits nor denies the allegations of paragraph 80 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself. To the extent it implies wrongdoing by Shereshevsky, such unlawful conduct is denied.
81. Shereshevsky neither admits nor denies the allegations of paragraph 81 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

82. Shereshevsky neither admits nor denies the allegations of paragraph 82 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

E. The Relief Defendant Has Been Used to Hide Illicit Assets

83. Shereshevsky denies the allegations of Paragraph 83 of the First Amended Complaint for the reason that the same are false.

84. Shereshevsky denies the allegations of Paragraph 84 of the First Amended Complaint for the reason that the same are false.

85. Shereshevsky admits the Government has unlawfully seized his assets.

86. Shereshevsky denies the allegations of Paragraph 86 of the First Amended Complaint for the reason that the same are false.

F. Failure to File Proper Forms BD With The Commission and Pass Licensing Exams

87. Shereshevsky denies the allegations of Paragraph 87 of the First Amended Complaint for the reason that it represents a legal conclusion of the Commission.

88. Shereshevsky denies the allegations of Paragraph 88 of the First Amended Complaint for the reason that it represents a legal conclusion of the Commission.

89. Shereshevsky neither admits nor denies the allegations of paragraph 89 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

90. Shereshevsky neither admits nor denies the allegations of paragraph 90 of the First Amended Complaint for the reason that the same is based on a writing which the

Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

91. Shereshevsky neither admits nor denies the allegations of paragraph 91 of the First Amended Complaint for the reason that the same is based on a writing which the Commission has failed to attach to its First Amended Complaint and which otherwise speaks for itself.

92. Shereshevsky denies the allegations of Paragraph 92 of the First Amended Complaint for the reason that the same are false.

93. Shereshevsky denies the allegations of Paragraph 93 of the First Amended Complaint for the reason that the same are false.

94. Shereshevsky denies the allegations of Paragraph 94 of the First Amended Complaint for the reason that the same are false.

95. Shereshevsky denies the allegations of Paragraph 95 of the First Amended Complaint for the reason that it represents a legal conclusion of the commission.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a)(1) of the Securities Act
(Against all Defendants)
(Antifraud violations)

96. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as though the same were set forth here in their entirety.

97. Shereshevsky denies the allegations of Paragraph 97 of the First Amended Complaint for the reason that the same are false.

98. Shereshevsky denies the allegations of Paragraph 98 of the First Amended Complaint for the reason that the same are false.

99. Shereshevsky denies the allegations of Paragraph 99 of the First Amended Complaint for the reason that the same are false.

SECOND CLAIM FOR RELIEF

Violations of Section 17(a)(2) and 17(a)(3) of the Securities Act
(Against all Defendants)
(Antifraud violations)

100. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.

101. Shereshevsky denies the allegations of Paragraph 101 of the First Amended Complaint for the reason that the same are false.

102. Shereshevsky denies the allegations of Paragraph 102 of the First Amended Complaint for the reason that the same are false.

THIRD CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5
(Against all Defendants)
(Antifraud violations)

103. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.

104. Shereshevsky denies the allegations of Paragraph 104 of the First Amended Complaint for the reason that the same are false.

105. Shereshevsky denies the allegations of Paragraph 105 of the First Amended Complaint for the reason that the same are false.

106. Shereshevsky denies the allegations of Paragraph 106 of the First Amended Complaint for the reason that the same are false.

FOURTH CLAIM FOR RELIEF

Violations, and Aiding and Abetting Violations, of
Section 15(c)(1) of the Exchange Act, 15 U.S.C. §78 (c)(1), and
Rule 10b-3, 17 C.F.R. §240.10b-3
(Against Wextrust Securities, Byers and Shereshevsky)
(Violations of Antifraud Provisions by Brokers)

107. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.
108. Shereshevsky denies the allegations of Paragraph 108 of the First Amended Complaint for the reason that the same are false.
109. Shereshevsky denies the allegations of Paragraph 109 of the First Amended Complaint for the reason that the same are false.
110. Shereshevsky denies the allegations of Paragraph 110 of the First Amended Complaint for the reason that the same are false.
111. Shereshevsky denies the allegations of Paragraph 111 of the First Amended Complaint for the reason that the same are false.
112. Shereshevsky denies the allegations of Paragraph 112 of the First Amended Complaint for the reason that the same are false.
113. Shereshevsky denies the allegations of Paragraph 113 of the First Amended Complaint for the reason that the same are false.

FIFTH CLAIM FOR RELIEF

Violations of Section 15(a) of the Exchange Act, 15 U.S.C. §78(a)
(Against Shereshevsky)
(Violations of Registration Provisions By Brokers)

114. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.

115. Shereshevsky denies the allegations of Paragraph 115 of the First Amended Complaint for the reason that the same are false.
117. Shereshevsky denies the allegations of Paragraph 113 of the First Amended Complaint for the reason that the same are false.
118. Shereshevsky makes no answer to Paragraph 118 of First Amended Complaint for the reason that the same does not apply to him.
119. Shereshevsky makes no answer to Paragraph 119 of First Amended Complaint for the reason that the same does not apply to him.
120. Shereshevsky makes no answer to Paragraph 120 of First Amended Complaint for the reason that the same does not apply to him.

SIXTH CLAIM FOR RELIEF

Violations, and Aiding and Abetting Violations, of
Section 15(b) of the Exchange Act 15 U.S.C. §78(c)(1) and
Rule 15b-7 1 thereunder, 15 U.S.C. § 78o(b) and 17 C.F.R. §240.15b7-1
(Against Wextrust Securities, Byers and Shereshevsky)
(Against Use of Unregistered Sales Persons)

121. Shereshevsky hereby incorporates by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.
122. Shereshevsky denies the allegations of Paragraph 122 of the First Amended Complaint for the reason that the same are false.
123. Shereshevsky denies the allegations of Paragraph 123 of the First Amended Complaint for the reason that the same are false.
124. Shereshevsky denies the allegations of Paragraph 124 of the First Amended Complaint for the reason that the same are false.

SEVENTH CLAIM FOR RELIEF

**Violations, and Aiding and Abetting Violations, of
Section 15(b) of the Exchange Act and Rule 15b1.1 and 15b3-1 thereunder 15
U.S.C. §78o(b) and 17 C.F.R. §240.151-1 240.15b-3
(Against Wextrust Securities, Byers and Shereshevsky)
(Unlicensed Control Persons)**

125. Shereshevsky hereby incorporated by reference Paragraphs 1 through 95 above as the same were set forth here in their entirety.

126. Shereshevsky denies the allegations of Paragraph 126 of the First Amended Complaint for the reason that the same are false.

127. Shereshevsky denies the allegations of Paragraph 127 of the First Amended Complaint for the reason that the same are false.

EIGHTH CLAIM FOR RELIEF

(Relief Defendant Elka Shereshevsky)

128 – 131. Shereshevsky makes no answer to Paragraphs 128 through 131 of the First Amended Complaint for the reason that they do not apply to him.

WHEREFORE, Defendant JOSEPH SHERESHEVSKY prays for judgment dismissing the Securities and Exchange Commission's First Amended Complaint against him with prejudice, together with reason thatable attorneys' fees, costs, and such other and further relief as the Court may deem just and proper.

AFFIRMATIVE DEFENSES

In addition to, and in furtherance of JOSEPH SHERESHEVSKY's Answer set forth above, JOSEPH SHERESHEVSKY relies upon and asserts the following affirmative defenses:

FIRST AFFIRMATIVE DEFENSE

The First Amended Complaint, in whole or in part, fails to state claims against SHERESHEVSKY upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

Commission's claims are barred, either in whole or in part, by reason that of a lack of Jurisdiction over the subject matter.

THIRD AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, either in whole or in part, by reason that of lack of personal jurisdiction over SHERESHEVSKY

FOURTH AFFIRMATIVE DEFENSE

Commission's claims maybe barred, in whole or in part by other affirmative defenses discovered during the course of discovery which are hereby expressly reserved.

WHEREFORE, Defendant JOSEPH SHERESHEVSKY prays for judgment dismissing the Securities and Exchange Commission's First Amended Complaint against him with prejudice, together with reasonable attorneys fees, costs, and such other and further relief as the Court may deem just and proper.

Dated: New York, New York
September 2, 2008

By: /s/ John C. Meringolo
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